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The Manager Companies  
ASX Limited  
20 Bridge Street  
Sydney NSW 2000

(6 pages by email)

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**Nickel Mines announces a US\$225 million capital raise to fund the acquisition of an initial 30% interest in the Oracle Nickel Project**

As announced on 8 December 2021, Nickel Mines Limited ('the Company' or 'Nickel Mines' has executed a binding Definitive Agreement ('Agreement') with its partner Shanghai Decent Investment (Group) Co., Ltd ('Shanghai Decent') and Decent Resource Limited ('Decent Resource') (an affiliate of Shanghai Decent) to acquire a 70% equity interest in the Oracle Nickel Project<sup>1</sup> ('ONI') for US\$525 million (the 'Transaction').

The Transaction was approved by shareholders at an Extraordinary General Meeting of Members on 25 January 2022.

The Directors of the Company are now pleased to launch a ~US\$225 million capital raise ('Equity Raise') to fund the acquisition of its initial 30% interest in ONI, which is currently under construction within the Indonesia Morowali Industrial Park ('IMIP'). The Equity Raise will comprise:

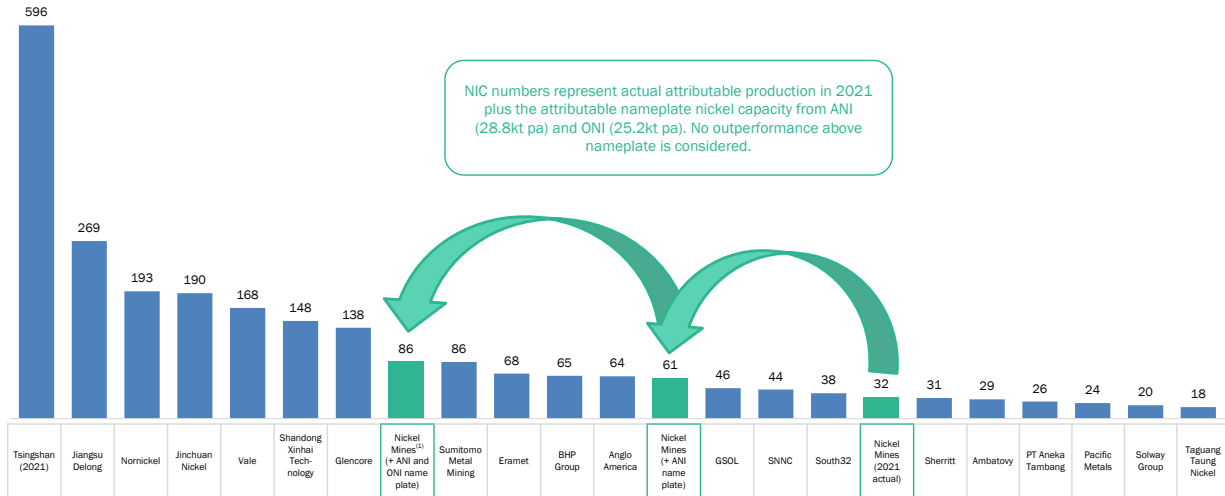
- (i) a ~US\$106 million (~A\$148 million) fully underwritten, institutional placement ('**Institutional Placement**');
- (ii) a ~US\$106 million (~A\$148 million) non-underwritten placement to Shanghai Decent (or its nominee) ('**Conditional Placement**')<sup>2</sup>; and
- (iii) a non-underwritten share purchase plan ('**SPP**') to eligible shareholders in Australia and New Zealand, with the SPP targeting to raise up to ~US\$13 million (~A\$18 million).

The Transaction represents the next wave of growth for Nickel Mines and provides a clearly defined growth path to the Company becoming a top-10 global nickel producer. With new capacity from the Angel Nickel Project ('ANI') and ONI coming online, Nickel Mines' nickel production profile is expected to approximately triple by early 2023.

<sup>1</sup> The Oracle Nickel Project comprises four RKEF lines, with a combined annual nameplate production capacity of 36,000t of equivalent contained nickel in nickel pig iron; a 380MW power plant; and ancillary facilities required for the operation of the RKEF lines and the power plant.

<sup>2</sup> See page 4 of this announcement for details on the conditions precedent to the Conditional Placement.

**2021 Processed Nickel Production (kt)**



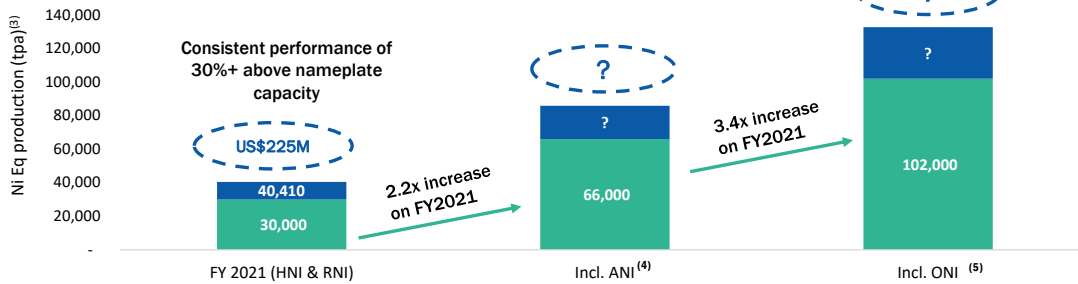
Source: Broker Research, Company data.

Note: Production data reflects 2021 figures unless stated otherwise.

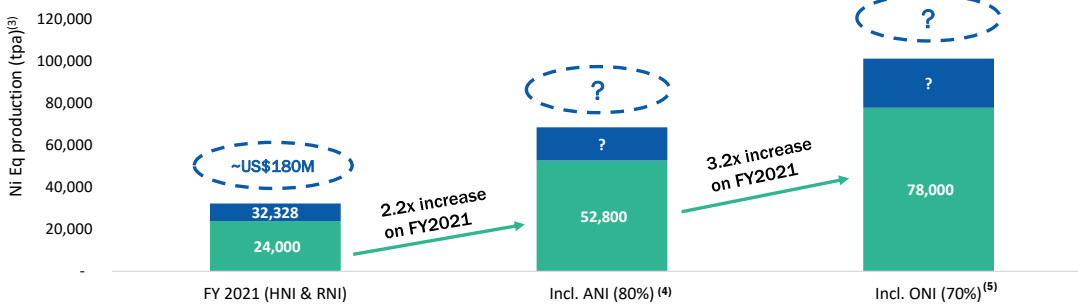
(1) NIC numbers represent actual attributable production in 2021 plus the attributable nameplate nickel capacity from ANI (28.8kt pa) and ONI (25.2kt pa). No outperformance above nameplate is assumed for ANI and ONI.

**ONI acquisition to add significant scale, while diversifying Nickel Mines' production footprint**

**Consolidated production (100% basis)**



**NIC attributable production**



**(1)** Nameplate **(2)** Attributable production above nameplate **(3)** RKEF EBITDA (unaudited, sum of the quarterly disclosed EBITDA figures)

Note: These figures are not indicative of future nickel production levels that may be achieved and are not financial guidance or forecasts.

(1) Nameplate production levels at its various ownership levels, based on nameplate nickel metal capacities of 15ktpa for HNI and RNI and 36ktpa for ANI and ONI (once fully commissioned).

(2) Actual production figures reflect annualised quarter production performance over time against nameplate capacity at various ownership levels at HNI and RNI.

(3) Ni Eq is nickel metal equivalent contained in nickel pig iron ("NPI"). (4) Assumes ANI operating at nameplate capacity for a full year. (5) Assumes both ANI and ONI are operating at nameplate capacity for a full year.

**ANI and ONI will be transformative to NIC's production and financial profile**

Total consideration payable by Nickel Mines in connection with the Transaction is US\$525 million, comprising US\$371 million of “acquisition funding”, as well as US\$154 million of shareholder loans.

The acquisition funding will be undertaken in the following tranches:

- (i) an initial acquisition (**‘First Acquisition’**) whereby Nickel Mines will acquire an initial interest of 10% of the shares in ONI at a cost of US\$53 million<sup>3</sup>, which is to occur by no later than 31 March 2022;
- (ii) a second acquisition (**‘Second Acquisition’**) whereby Nickel Mines will acquire an additional 20% of the shares in ONI at a cost of US\$106 million, which is to occur by no later than 30 June 2022; and
- (iii) a third acquisition (**‘Third Acquisition’**) whereby Nickel Mines will acquire an additional 40% interest in ONI for US\$212 million, which is to occur by no later than 31 December 2022.

The shareholder loans will be undertaken in the following tranches:

- (i) US\$46.2 million by 30 September 2022 (**‘First Shareholder Loan’**);
- (ii) US\$46.2 million by 31 December 2022 (**‘Second Shareholder Loan’**); and
- (iii) US\$61.6 million by 31 March 2023 (**‘Third Shareholder Loan’**).

The Directors consider the valuation terms underpinning the Transaction (US\$750 million on a 100% basis) highly attractive and value accretive for the Company’s shareholders, a view supported by the recent Independent Expert’s Report prepared by *Loneragan Edward & Associates* which valued the Oracle Nickel Project (on a 100% basis) at US\$1.45 billion to US\$1.55 billion.

The majority of the proceeds from the Equity Raise will be put towards funding the acquisition of a 30% interest in ONI, via the First Acquisition payment and the Second Acquisition payment, as well as funding the First Shareholder Loan. Excess funds will strengthen the Company’s balance sheet and provide additional capital for general corporate purposes.

Following completion of the Equity Raise, Nickel Mines will be fully funded for all Transaction payments up to and including 30 September 2022. A further US\$258.2 million will be required by 31 December 2022 to fund the Third Acquisition payment (US\$212 million), to acquire a further 40% interest in ONI, and the Second Shareholder Loan (US\$46.2 million).

Nickel Mines has considerable optionality and flexibility to meet these remaining funding requirements. Strong cashflows from its existing operations will shortly be materially increased by cashflows from ANI which are anticipated to commence during Q2 2022. Furthermore, the Company has a very lowly leveraged balance sheet providing it ample capacity to explore additional debt funding. It is the Company’s intention to be fully funded for the remaining Transaction payments as soon as practically possible in 2022.

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<sup>3</sup> Nickel Mines has paid US\$30m in deposits to Shanghai Decent for the First Acquisition, comprising (i) US\$10m paid on signing of the Memorandum of Understanding for the Transaction, and (ii) US\$20m paid on signing of the Agreement for the Transaction.

## Equity Raise overview

### *Institutional Placement*

The US\$106 million Institutional Placement will comprise the issuance of 108.1 million new ordinary shares (“**New Shares**”) at A\$1.37 per New Share (“**Placement Price**”), representing a ~5.8% discount to the last traded price of A\$1.455 on Tuesday, 8 February 2022. The New Shares issued under the Institutional Placement represent approximately ~4.3% of the total shares of the Company prior to the issue of the New Shares.

Eligible professional and sophisticated investors in Australia or New Zealand who wish to participate in the Institutional Placement should contact their broker for further information. Priority will be given to broker bids that support existing shareholders.

### *Conditional Placement*

Nickel Mines has entered into a subscription agreement with Shanghai Decent for the Conditional Placement (the ‘**Subscription Agreement**’). The Subscription Agreement is subject to the following conditions precedent:

- (i) Nickel Mines shareholder approval for the purposes of ASX Listing Rule 10.11 and item 7 of section 611 of the *Corporations Act 2001* (Cth) (with the vote expected to be held in March/April 2022)<sup>4</sup>; and
- (ii) Foreign Investment Review Board (‘**FIRB**’) approval<sup>5</sup>.

The Conditional Placement will be conducted at the same price as the Institutional Placement.

### *SPP*

The non-underwritten SPP is targeting to raise up to ~US\$13 million. Eligible shareholders in Australia and New Zealand will be invited to apply for up to A\$30,000 of shares free of any brokerage, commission and transaction costs.

The issue price per new fully paid ordinary share under the SPP will also be conducted at the same price as the Institutional Placement.

An SPP offer booklet is expected to be sent to Eligible Shareholders, in accordance with their communications election, on 16 February 2022

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<sup>4</sup> Shanghai Decent will be excluded from the vote.

<sup>5</sup> Shanghai Decent is expected to have a relevant interest in Nickel Mines of approximately 21% subject to the Conditional Placement being completed. Shareholder and FIRB approvals, if granted, will not be known until post completion of the Institutional Placement.

## Indicative timetable of the Equity Raise

The timetable below is indicative only and subject to change. Nickel Mines reserves the right to alter the dates at its full discretion and without prior notice, subject to the ASX Listing Rules and the *Corporations Act 2001* (Cth).

The quotation of New Shares is subject to confirmation from the ASX.

All times below are based on Sydney, Australia time.

Event	Date
Record date for SPP	7:00pm (AEDT) Tuesday, 8 February 2022
Trading halt	Wednesday, 9 February 2022
Announcement of Equity Raise	Wednesday, 9 February 2022
Trading halt lifted – trading resumes on ASX	Thursday, 10 February 2022
Settlement of New Shares issued under the Institutional Placement	Monday, 14 February 2022
Allotment and normal trading of New Shares issued under the Institutional Placement	Tuesday, 15 February 2022
SPP offer opens and SPP offer booklet is dispatched	Wednesday, 16 February 2022
SPP offer closes	Tuesday, 8 March 2022
SPP issue and allotment date	Tuesday, 15 March 2022
Normal trading of SPP Shares commences and dispatch of holding statements	Wednesday, 16 March 2022
Shareholder meeting to approve the Conditional Placement	March / April 2022
Allotment of new ordinary shares under the Conditional Placement	To be confirmed <sup>6</sup>

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<sup>6</sup> Assuming shareholder approval is received, the allotment date of New Shares will depend on the date of receipt of the FIRB approval.

## Important notices

The release of this announcement was authorised by the Board of Nickel Mines.

This announcement has been prepared for publication in Australia and may not be released to US wire services or distributed in the United States. This announcement does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States. The New Shares to be offered and sold in the Placement have not been, and will not be, registered under the US Securities Act of 1933 (the '**US Securities Act**') or the securities laws of any state or other jurisdiction of the United States, and may not be offered or sold in the United States unless they are offered and sold pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act and applicable US state securities laws.

This announcement contains certain forward-looking statements and comments about future events, including about the plans, objectives and strategies of Nickel Mines' management, the industry and the markets in which Nickel Mines operates, Nickel Mines' expectations about the financial and operating performance of its businesses, the timetable and outcome of the Placement and the use of proceeds thereof. Forward looking statements can generally be identified by the use of forward-looking words such as, "expect", "anticipate", "likely", "intend", "should", "could", "may", "predict", "plan", "propose", "will", "believe", "forecast", "estimate", "target" and other similar expressions within the meaning of securities laws of applicable jurisdictions. Indications of, and guidance or outlook on, future earnings or financial position or performance are also forward-looking statements.

Forward looking statements involve inherent risks and uncertainties, both general and specific, and there is a risk that such predictions, forecasts, projections and other forward-looking statements will not be achieved. A number of important factors could cause Nickel Mines' actual results to differ materially from the plans, objectives, expectations, estimates and intentions expressed in such forward-looking statements and many of these factors are beyond Nickel Mines' control. Refer to the various risks factors in the Appendix under "Risk Factors" of the investor presentation entitled "Equity Raising Presentation" released to the ASX today.

Forward-looking statements are provided as a general guide only, and should not be relied on as an indication or guarantee of future performance and involve known and unknown risks, uncertainty and other factors, many of which are outside the control of Nickel Mines. As such, undue reliance should not be placed on any forward-looking statement. Past performance information given in this announcement is given for illustrative purposes only and is not necessarily a guide to future performance and no representation or warranty is made by any person as to the likelihood of achievement or reasonableness of any forward-looking statements, forecast financial information or other forecast. Nothing contained in this announcement is to be relied upon as, a promise, representation, warranty or guarantee as to the past, present or the future performance of Nickel Mines.

The information contained in this announcement does not constitute investment or financial product advice (nor taxation, accounting or legal advice), is not a recommendation to acquire Nickel Mines shares and is not intended to be used or relied upon as the basis for making an investment decision. This announcement has been prepared without taking into account the investment objectives, financial position or needs of any individuals. Before making any investment decisions, prospective investors should consider the appropriateness of the information having regard to their own investment objectives, financial situation and needs and should seek legal, accounting and taxation advice appropriate to their jurisdiction. Nickel Mines is not licensed to provide investment or financial product advice in respect of Nickel Mines shares. Cooling off rights do not apply to the acquisition of Nickel Mines shares pursuant to the Placement.